

EEC-11

**Bachelor's Degree Programme  
(BDP)**

**ASSIGNMENTS**

**For Old Students admitted  
Prior or Up to January 2019 Academic Session**

**Course Code: EEC-11  
Title of Course: Fundamentals of Economics**



**School of Social Sciences  
Indira Gandhi National Open University  
Maidan Garhi, New Delhi-110 068**

**EEC-11**  
**FUNDAMENTALS OF ECONOMICS**

**Assignment (TMA)**

**2021-22**

**Programme Code: BDP**

**Course Code: EEC-11**

**Dear Student,**

As explained in the Programme Guide for BDP, you will have to do one assignment for this Elective course in Economics (EEC-11). This is a Tutor Marked Assignment (TMA) and carries 100 marks.

It is important that you write answers to all the questions in your own words. The TMA is designed to enable you to answer different categories of questions. Here evaluation is made keeping in view your ability to present your answer in a systematic, precise and coherent manner. The assignment is divided into three Sections. Remember that all questions are compulsory. Section A comprises two long answer questions of 20 marks each. Section B comprises four questions of 12 marks each while in Section C you have to answer two questions of 6 marks each.

**Submission:** The completed assignments should be submitted to the Coordinator of your Study Centre on or before **March 31, 2022 for the students who are planning to appear in the Term-end Examinations June, 2022 and 30<sup>th</sup> September, 2022 for the students who are planning to appear in the Term-end Examinations December, 2022.**

**EEC – 11**  
**FUNDAMENTALS OF ECONOMICS**  
**TMA**  
**(Coverage: Blocks 1 to 10)**

**Programme Code: BDP**  
**Course Code: EEC-11**  
**Asst.Code: EEC-11/AST/TMA/2021-21**  
**Maximum Marks:100**

**Note: Answer all the questions.**

**Section- A**

**Long Answer Questions (Answer in about 500 words each)**

**2 x 20 = 40**

1. (a) Distinguish between cardinal utility approach and ordinal utility approach to consumer behavior. Explain with illustration how does a consumer attain equilibrium under ordinal utility approach?  
  
(b) Given the total cost function  
$$TC = 3q^2 + 7q + 12$$
  - i. Find the marginal cost and average cost.
  - ii. Evaluate the marginal cost and average cost at  $q = 3$  and  $q = 5$
2. (a) What is National income? Explain how production flow, income flow and expenditure flow in an economy are inter related to each other?  
  
(b) Given the following equation  
$$Y = C + I$$
$$C = C_0 + bY, \text{ and } I = I_0 + aY$$

where  $C_0 = 65$ ,  $I_0 = 70$ ,  $b = 0.6$ ,  $a = 0.2$   
Find out the equilibrium level of income.

**Section-B**

**Medium-Answer Questions (Answer in about 250 words each)**

**4 x 12 = 48**

3. How is a public monopoly different from private monopoly? How does a public monopoly firm make pricing and output decisions?
4. What do you mean by the terms of trade? Explain with the help of J.S.Mill's theory of reciprocal demand how the terms of trade are determined between two countries.
5. Identify the factors that explain differentials in earnings of labour.
6. Distinguish between demand-pull inflation and cost push inflation? How does inflation affect the different sections of the society?

7. What are externalities? Compare with Pigouvian method with the Coasian method for dealing with externalities.

### **Section C**

**Short Answer Questions (Answer in about 100 words each)**

**2 x 6 = 12**

8. Distinguish between any three of the following:

- i. Money Market and Capital Market
- ii. Multiplier and Accelerator
- iii. Statistics and Dynamics
- iv. Positive Economics and Normative Economics

9. Explain any three of the followings:

- i. Stagflation
- ii. Economic theory
- iii. Marginal Propensity to Consume
- iv. Fiscal Deficit
- v. Expansion path